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STATEMENT OF
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Japan's Changing Role

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Japan remains as America's most important and key ally in the Asia Pacific region, the world's second largest economy and home to many of the world's best companies and most advanced technologies. The country's importance to the United States was underscored by Secretary of State Hillary Clinton when she made Tokyo her first overseas stop, and by President Obama when he accorded Prime Minster Aso the Administration's first official visit by a foreign leader.

During the Prime Minister's visit, and echoing earlier comments made by Secretary Clinton at her confirmation, the President said that, "The alliance that we have is the cornerstone of security in East Asia. It's one that my Administration wants to strengthen."

Despite such sentiments, however, Japan receives scant attention from the rest of the executive branch and Capitol Hill – with the possible exception of this Subcommittee.

To a degree, Japan's low profile can be viewed positively. After all, it was not so long ago that Japan repeatedly made the headlines for its unfair trade practices and its alleged threats to U.S. interests and economic preeminence.

There is a perception by some pundits and experts that Japan's role seems to have diminished regionally and globally. Japan's stagnant economy and politics – especially when contrasted with China's vibrant growth, growing confidence on the world stage and military modernization, in my view – contribute greatly to this perception.

Indeed, Beijing has become ever more central to Washington's debates on key problems confronting this country, from the global financial crisis to climate change, and

from North Korea's provocations to Pakistan's instability, and the current crisis in Darfur, Sudan.

To address these and other issues, the Obama Administration has announced it will hold its first cabinet-level Strategic and Economic Dialogue with China at the end of next month. Commonly known as "S&ED," a successor to a Bush Administration initiative, it will provide an ongoing channel for talks between officials at the highest level, from Presidents Obama and President Jintao Hu, Secretary of State Clinton and State Councilor Dai, Treasury Secretary Geithner and Vice Premier Wang, to a host of other senior officials. The regularity of the S&ED and the high level of its participants, coupled with China's dynamism, will keep the U.S.-China relationship in the forefront. Let me note here that sometime next month, this Subcommittee plans to hold a hearing on the S&ED.

Japan's struggle to define its role reflects the real, immediate and consequential challenges it faces. Japan today is one of the world's oldest countries, with those over 65 years of age exceeding 21 percent of the population. It is estimated that by 2050, the number will approach 40 percent of that country's population.

In response to its demographic and economic challenges, as well as other problems, Japan has been searching for answers. In 2003, for example, then Chief Cabinet Secretary – and subsequently, Prime Minister – Yasuo Fukuda commissioned a major Japanese think tank to assess how the country should adjust to its decline to so called "middle power" status.

Now, I have no doubt that Japan will remain a critical ally of the United States and an important global player, despite the challenges she is now confronting.

Of course, Japan could take some obvious steps to minimize its demographic problems. I suspect, however, that one such step – Tokyo opening itself to a large influx of immigrants – may never be an acceptable option. And another –promoting larger families – has been attempted, albeit modestly, by the government, but has achieved no discernible results. Providing women greater opportunities in the workplace would increase the country's labor force, but efforts to make the significant social change necessary to have a real impact in this area have never gained the requisite traction.

A couple of observations regarding U.S.-Japan relations are worth noting. The number of Japanese students studying in the United States declined from 45,000 in the 1994/95 academic year to 35,000 in the 2006/07 year – even as the numbers from other countries have increased tremendously. For example, there are now more than 85,000 Indians, 70,000 Chinese and 70,000 South Koreans studying here. About 500,000 foreign students study in American colleges and universities – probably the largest contingent of foreign students in the world studying in another country's colleges and universities. I am glad that we are doing a lot better in providing student visas so students from all over the world are welcome to study in our universities.

Security ties between Japan and the United States, of course, remain close, and they have been revitalized over the years, partly as a result of the work of some of our witnesses today. In a welcome development last month, Japan's Ambassador to the United States offered the Government of Japan's first apology over the Bataan Death March. That's a real significant development given the fact that in 1942 some 60,000 Filipino and 12,000 American soldiers were put on a forced march by Japanese soldiers, and tremendous numbers of brutalities and atrocities were committed against the Filipinos and Americans soldiers. I was pleased to hear that the Japanese ambassador made his formal apology in front of the 73 American survivors of the Bataan Death March in ceremonies held recently.

Meanwhile, prudence on the part of Tokyo, and close cooperation with the United States are absolutely essential as Japan responds to North Korea's provocations and as Tokyo's concerns over China's prominence economically as well as in terms of security continue to grow.

Yet, in a major break from the previous taboo on open discussion of nuclear weapons, after the first North Korean nuclear test in 2006, senior Japanese politicians – including the current prime minister – called for reconsideration of Japan's traditional non-nuclear policy. In other words, because of the problems in North Korea and the threat posed to Japan's security, views that perhaps Japan should also develop a nuclear capability are more openly expressed.

Most observers in the United States believe that extended deterrence makes it highly unlikely that Tokyo will produce its own nuclear weapons. As the Congressional Research Service recently noted, Tokyo currently does not have the "expertise in bomb design, reliable delivery vehicles, an intelligence program to protect and conceal assets and sites for nuclear testing." This does not mean Japan lacks the capacity to produce nuclear weapons if it seeks to do so. But if Japan did choose that path, there will be a complete shift in the strategic picture affecting the whole Asia Pacific region.

South Korea, China and Russia are especially concerned about Japan's nuclear intentions. Last month, for example, the Chosun Ilbo, South Korea's largest daily newspaper, ran an editorial calling on Seoul to develop its own nuclear capability. Ostensibly North Korea's nuclear tests prompted the editorial, but the clear subtext was concern over Japan's nuclear ambitions.

On June 9, Russia's Interfax News reported that a Russian Foreign Ministry source, in discussing North Korea's nuclear test and Japan's response said, "... naturally we are getting worried about a certain trend in Japan where there are increasingly loud voices calling for a building up of [the country's] own potential at an accelerated pace." Interfax noted that the official was referring specifically to nuclear weapons.

And in a prominent semi-monthly journal published under the auspices of the Chinese Ministry of Foreign Affairs, a featured article said that, "Some people believe that the DPRK's possession of nukes will trigger a nuclear arms race, with Japan and

[then] the ROK following; if that is so, East Asia will become the region most threatened with nuclear war."

Chinese, Russian and South Korean concerns about Japan's nuclear ambitions may well be overstated. But sometimes perceptions play a crucial role in policy decisions.

In any case, the challenges Japan faces due to North Korea's provocations and the trajectory of its population and economy are clear and daunting. Japan has had a divided government since 2007, with the Democratic Party of Japan controlling the Upper House and the Liberal Democratic Party controlling the Lower House, thus requiring a two-thirds vote in the House of Representatives to override opposition by the House of Councillors to controversial pieces of legislation.

Moreover, Japan's bureaucracy seems to have lost its way, and few, if any, politicians of either major party have demonstrated any ability to successfully lead Japan toward meeting current challenges.

Nevertheless, Japan will likely hold general elections by this September. With the Aso cabinet's approval rate at 20% and public support for the DPJ ahead of the LDP by 10-20% (depending on the pollster), the ruling party faces the real prospect of losing control of the government for only the second time in post-war history.

How the DPJ might govern, especially on foreign policy, however, remains an open question. The DPJ's draft 2009 policy statement, which will form the basis for its campaign pledges, will include "proposals that may give rise to friction between Japan and the United States, such as a drastic review of the Status of Forces Agreement and the withdrawal of the Maritime Self-Defense Force from its mission in the Indian Ocean," according to the Asahi Shimbun.

That said, predicting what policies the DPJ would actually implement if in power is particularly difficult since the DPJ's Diet Members cover the spectrum from former socialists to former conservative LDP members.

In previous periods of Japanese history, when faced with the enormous challenges of catching up with the West or rebuilding Japan's war-torn nation, Tokyo rose to the occasion by forging a durable consensus on how to respond.

Forging consensus regarding the construction of a modern state or rebuilding after war, however, is likely far easier than reaching broad agreement on accommodating relative economic – and real demographic – decline.

I believe the U.S.-Japan alliance should remain a pillar of strength for both countries. And I sincerely hope that Japan rises to the challenges it faces by drawing on its many inherent strengths.

Whether that is likely and how Japan can define its changing role are the subjects of today's hearing.